

THE TAXPAYER

Promoting the responsible and efficient use of tax dollars

September/October '91

Politicians and Party Workers want MORE GOVERNMENT FUNDING FOR POLITICAL PARTIES

Many taxpayers may not realize they are making yearly donations to political parties.

Impossible, you say!

Absurd!

Well, believe it or not, your hard earned tax dollars are being used to fund political parties across Canada.

Yet, somehow you're not surprised. Politicians have managed to fund almost every other cause in Canada, so it is not surprising they're funding political parties.

Did you know that federal candidates receiving 15% of the vote in their constituency will be reimbursed 50% of the campaign costs, up to a specified limit? In the last federal election, 47% of the candidates receiving this reimbursement already had money left over from their campaign, and several had in excess of \$60,000.

In fact, after these government subsidies were paid out, 98% of the qualifying candidates had a surplus over \$20,000. The 1988 federal campaign reimbursement cost the taxpayers \$18.7 million.

As if these grants weren't enough, registered federal politi-

cal parties issue tax receipts to individuals making donations. This donation is actually a tax credit, and any person or business making a \$100 donation will receive a \$75 tax credit from the federal government, to be taken off their income tax.

Subsequently, the donor (despite their income) only pays \$25. The rate of the tax credit goes down for larger donations, falling to zero for donations larger than \$1,500.

At recent hearings of the Royal Commission on Electoral Reform, the major political parties pushing for a larger share of the taxpayers dollar (hold onto your wallets, folks). This is just a small sample of those who made presentations.

A former leader of the Ontario PCs and a Tory senator pushed for full annual funding of political parties. This is similar to the funding of provincial parties in New Brunswick and Quebec. In New Brunswick, for example, each provincial party receives annual funding of \$2.18 for each vote they received in the last provincial election. The Etobicoke Centre PCs wanted the upper limit of the tax credit raised to \$2,500.

The Hull-Aylmer NDP called for

taxpayer funding for each of the constituency associations. They also suggested raising the rate of the reimbursement on local campaigns to 60%. The Alberta New Democrats wanted to triple the present tax credit system to catch-up with inflation. The Federal New Democrats want the tax credit doubled.

A former Liberal official agent wanted annual funding extended to all federal parties receiving over 3% of the vote (minimum subsidy of \$50,000). New Brunswick and PEI Liberals asked for an enrichment of the tax credit. Quebec Liberals wanted party scrutineers (party volunteers who scrutinize the vote on election day) to be paid by the government.

called before they can start issuing receipts.

By a margin of five to one, political representatives called for increased funding of political parties. Some went so far as to suggest that another tax should be created to help fund political parties.

The Canadian Taxpayers Federation thinks such notions are bizarre, and opposes the use of taxpayers' money to fund political parties. "We're shocked that politicians want increased taxpayers' funding for political parties," said Dr. Chris Gerrard, National Research Director for the Canadian Taxpayers Federation.

"Taxpayers are stretched to the

In 1988, grants to political parties amounted to \$18.7 million.

The Reform Party opposed public funding of any political party or candidate. They also wanted the tax credit phased out, but then added, if tax credits were to be kept, that new political parties should be able to issue tax credits immediately. At this time, new political parties must wait until the election is

limit; the federal government has a debt of \$400 billion; and the politicians don't think their political parties are receiving enough money."

"No wonder a 1989 Gallop poll, showed that 82% of Canadians have a 'low' or 'very low' respect for political parties," Gerrard added.

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Referendums or Plebiscites?

Saskatchewan is holding three plebiscites and British Columbia two referendums concurrent with their provincial elections in October.

As a practical matter, because these votes are occurring at the same time as their provincial elections, there is no meaningful distinction between a referendum and a plebiscite.

Both provincial governments, if returned by the voters, have pledged to be bound by the votes. If not returned, according to several sources an outgoing government cannot legally bind an incoming government by means of a referendum, in a British Parliamentary system.

Plebiscite or referendum, the results will have sig-

nificant political and moral authority on whoever forms the next provincial government in each province, and any new government will ignore at its peril, the will of the electorate so expressed.

Canada's National Debt is increasing at a rate of:

- **\$58,000 per minute**
- **\$94 per month for every man, woman and child (pop. 26,991,000)**
- **\$1,129 per year for every man, woman and child**
- **\$4,512 per year for a family of four**

Welcome to Canada

A lesson from the farmyard by Kevin Avram

The Pig with the wooden leg

Everytime I think of the role of government and the relationship between taxpayers and politicians, I am reminded of the story I heard of the pig with the wooden leg.

It seems there was a city slicker driving down a dusty road one day, and as he drove by a certain farmer's place he caught sight of a pig out in the middle of the yard. The pig was hobbling along, obviously favouring his left front leg, and as he drew closer, he could see that the pig had a wooden leg.

Being the curious sort, the city slicker pulled into the yard, where the farmer was repairing a piece of farm machinery.

"How did that pig get a wooden leg," the city slicker asked.

"That pig, you wanna know about that pig," the farmer said, "I'll tell you about that pig."

"That pig has saved my life on more than one occasion. Why one night back almost two years ago, the house caught fire in the middle of the night. That pig broke the door down, woke me and the missus up and saved our lives. I'll tell you about that pig. Another time I was out cultivating on

the back forty, and when I was coming close to the ridge that's up there by the creek, I didn't maneuver the tractor properly and I rolled it."

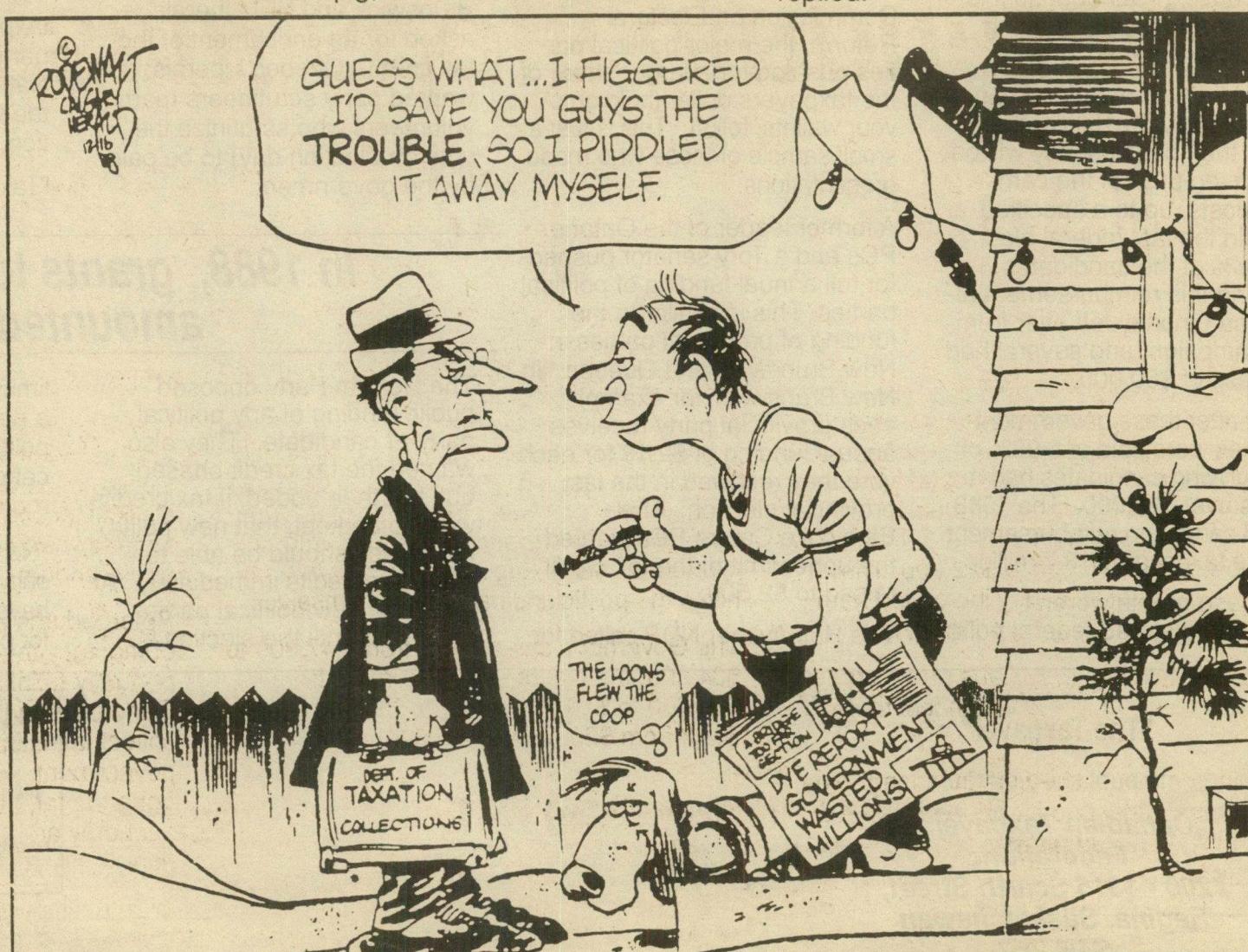
"That pig saw it, and went and got the wife to come rescue me," the farmer said, with obvious admiration for the large porker.

Being most impressed by this time, the city slicker again asked about the wooden leg. "You wanna know about the pig, I'll tell you about the pig," the farmer continued.

"About a year ago, my little nephew Jimmy was over. He was playing out behind the barn over there, and he fell down the old well shaft. We would have never found him, if it hadn't been for the fact that pig seen him fall, and he came and got me to get him out."

"Yea," the city slicker said, incredulous by this time about this marvellous pig. "But how did he get the wooden leg?"

"A man would have to be a damn fool to eat a pig like that all at once," the farmer replied.



© Vance Rodewalt / Calgary Herald, 12/16/88

Saskatchewan Citizens to Vote on Balanced Budget Legislation

Saskatchewan voters will be voting on three issues at the time of their next provincial election on October 21:

1. Should the government of Saskatchewan be required to introduce balanced budget legislation?

2. Should the people of Saskatchewan approve, by referendum or plebiscite, any proposed changes to the Canadian Constitution?

3. Abortions are legally performed in some Saskatchewan hospitals. Should the government of

Saskatchewan pay for abortion procedures?

The provincial legislature passed a bill last spring permitting the government to hold referendums and plebiscites.

The plebiscite on a Balanced Budget Law is a clear victory for the Association of Saskatchewan Taxpayers and the Canadian Taxpayers Federation.

Since last February, the Association has delivered nearly 20,000 signed coupons to the Premier of Saskatchewan urging him to conduct a province-wide vote on balanced budget legislation at the time of the next provincial election.

"The results will undoubtedly have significant political and moral authority on whoever

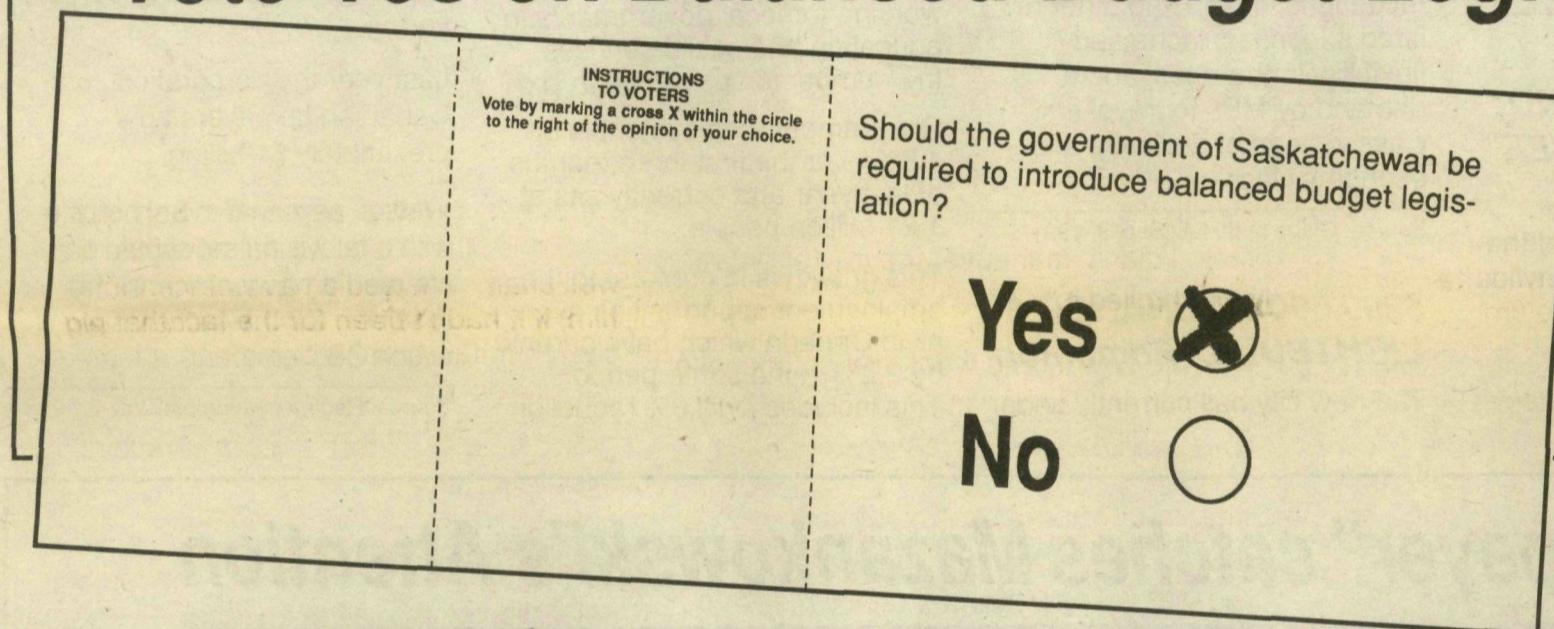
forms the next provincial government," said Rob Petruic, Research Associate with the Taxpayers.

Speaking for the Association on this issue, Petruic said, "It will be very difficult, if not impossible, for any future government to ignore the results of the province-wide vote on a Balanced Budget Law."

"The issue is a non-partisan issue that crosses all party lines, and enables citizens to express their views on anti-deficit legislation without their opinions being first filtered through the political party process."

"According to the Association's internal surveys, there is overwhelming support for such legislation at the grass roots level," Petruic said.

**If you're tired
of government deficits and increasing debt
Vote Yes on Balanced Budget Legislation**



Referendum stops massive pay hikes for politicians

Through Citizen Initiated Referendums, the taxpayer becomes the watchdog of government.

Take the case of the Washington state politicians who in 1973 gave themselves massive pay increases. The Governor's salary was increased from \$32,500 a year to \$47,300 per year, a 45% increase. The salary of the Lieutenant Governor increased by 120%, from \$10,000 to \$22,000. The Secretary of State's salary increased from \$15,000 to \$26,000, a 73% increase.

Along with this, the politicians also increased their pensions. In some instances, there were increases of 193%.

Washington taxpayers were incensed. The politicians had tried to introduce these pay hikes in such a way that the pay increases could not be put to a referendum vote. So, instead the citizens of Washington initiated a referendum that asked the question: "Shall elected officials' salary increases be limited

to 5.5% over 1965 levels, and judges the same over 1972 levels?"

In the state of Washington a referendum can be initiated if a petition can be gathered containing the names of 4% of the voters registered and voting in the last general election for Governor. The petition was gathered, and the question was put to a Referendum vote. In an overwhelming majority vote, the citizens of Washington scaled back the pay hikes the politicians had given themselves.

The Governor's salary went from \$47,300 to \$34,000, the Lieutenant Governors from \$22,000 to \$10,600 and the Secretary of State from \$26,000 to \$15,800.

Swiss stop GST with Referendum

The citizens of Switzerland have long benefitted from the use of referendums, and due to the power referendums have to con-

trol excessive spending and taxation, the Swiss politicians have generally been very careful with how they spend the taxpayers' money.

However, in 1977, the Swiss government tried to initiate a value added tax, very similar to the GST being paid in Canada. Unlike Canada, however, the citizens of Switzerland were able to STOP the tax by way of a referendum.

Referendums are a form of direct democracy that provide citizens with the opportunity to influence the political process. Canadians realize that governments must collect taxes in order to have effective government. However, many would say it's gone too far, as both taxpayers and the economy are suffering from excessive taxation.

Citizen initiatives and referendums enable citizens to tell politicians exactly how they feel on certain issues.

Source: "The referendum, Bring it on" by Doctor William Downe

Taxpayers' Alert

GREEN PLAN STAYS TRUE TO NAME - Ottawa

The \$6 million committed by the federal government to publicize its green plan is certainly living up to its name. That's because the publicity program has seen taxpayer's money going up in smoke.

First of all the government has hired not one, not two, but - six different communication companies to help publicize the green plan.

One idea, on publizing the Green Plan, would have cost the taxpayers lots of green bucks. It involved a grandiose scheme of spending \$700,000 to send a troupe of actors across the country to motivate the public servants.

Fortunately, the idea was rejected. But here are a couple that weren't. \$36,000 was spent to see if people liked the Green Plan's new logo and \$11,000 was spent on a spiritual ceremony.

Source: Southam

MPs' FAMILIES SPEND \$2.64 MILLION IN FREE FLIGHTS - Ottawa

According to current rules of the House of Commons, the families of MPs are allowed 6 free return flights anywhere in Canada.

The costs for flying family mem-

bers is up 43% from last year and cost the taxpayers \$2.64 milion. Six years ago the family member flights only cost \$875,000. The family members do not have to take flights related to the MPs' duties. However, the flights were intended to help MPs spend time with their families. Such is not the case.

As well, the Auditor General's Report on the Senate found, in one instance, four family members of one Senator travelled to B.C., despite the fact he is not from BC. Another Senator took a trip in one direction and the Senator's spouse left in the other.

MP travel expenses have skyrocketed over the past few years, and it's expected that these expenses will cost the taxpayers \$12 million this year. An increase of \$4.7 million (64%) over the previous year.

The costs are up for a variety of reasons including air fare increases, a new policy allowing MPs to spend \$6,000 on accommodations, meals and other related expenses, increased flexibility in the rules, and a demand by MPs to travel first class instead of business and economy class.

Source: Globe and Mail, Sep. 9, 1991

\$200,000 TO CHANGE A LIGHTBULB - Edmonton

The new city hall currently under

construction in Edmonton is not user friendly when it comes to changing a light bulb or washing the windows. Edmonton city hall has a 26 metre high pyramid perched on top. This glass pyramid required the construction of a mechanized arm similar to the Canadarm used in the space shuttle to simply change the light bulbs and wash the windows.

The mechanized arm which can reach 30 metres - the necessary distance to reach all corners of the pyramid - cost approximately \$200,000 to construct.

Source - Edmonton Journal Friday, August 30, 1991

1 IN 6 EMPLOYED BY GOVERNMENT - Canada

Statistics Canada recently announced that one out of every ten Canadians work for one form of government or another. This includes the federal, provincial and municipal levels of government. However, when you include those employees working in government companies and working for local governments in education and social services, the number jumps to one in six.

Government employment is up 1.6% over the first three months of last year and currently sits at 1.21 million people.

This growth is in contrast to the employment opportunities overall in Canada which have shrunk by 2.2% in the same period.

This includes a 12.9% reduction

in the construction industry and a 10.1% reduction in the manufacturing sector. The number of individuals working for the federal government increased by about 3,000 over the previous year, and this was due largely to the additional workers needed for the handling of the GST.

The greatest increase in government employees however was seen at the provincial and municipal levels.

Isn't it ironic that, while the private sector has been forced to adjust to the economic realities, such is not the case for our three levels of government.

Source: Globe and Mail, June 23, 1991

A CBC LICENSE FEE!! - Ottawa

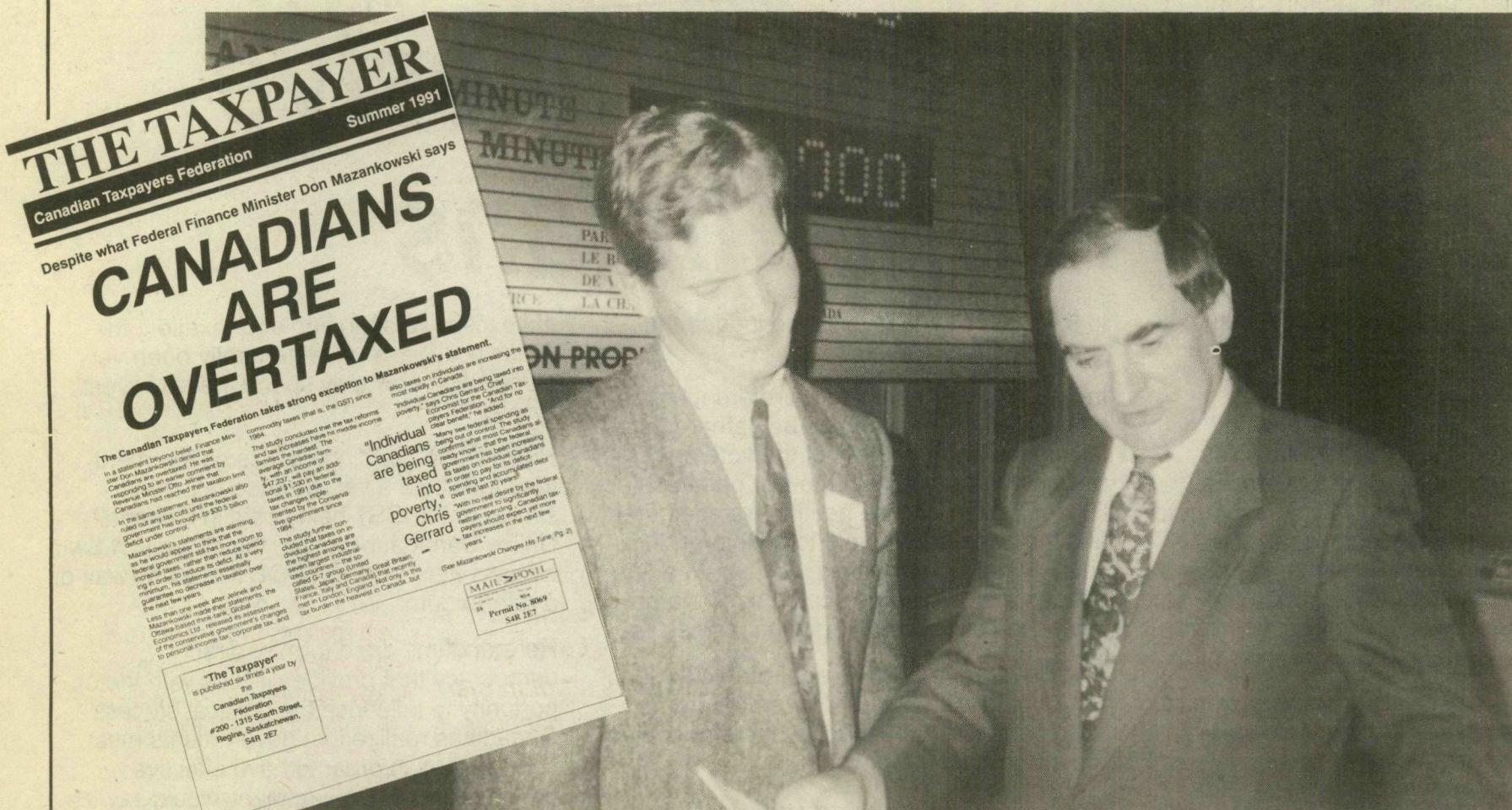
Patrick Watson, the chairman of CBC came up with a new fundraising idea for the Canadian Broadcasting Corporation.

Last year the corporation cost Canadian taxpayers approximately \$1 billion.

Watson says that every home with a television set should be charged an annual license fee for receiving CBC, whether they watch CBC or not.

Source: Regina Leaderpost, July 7, 1991

"The Taxpayer" catches Mazankowski's Attention



The previous issue of "The Taxpayer" caught Federal Finance Minister Don Mazankowski's attention. Rob Petruic, a Research Associate with the Canadian Taxpayers Federation, attended the Debt Freedom Conference held September 9, in Vancouver. Rob (left) is pictured with Mr. Mazankowski (right), who was one of the featured speakers. The article that particularly caught Mazankowski's attention was the front page article and its headline that read, "Despite what Federal Finance Minister Don Mazankowski says, CANADIANS ARE OVERTAXED."

British Columbia given opportunity for direct democracy

British Columbia voters will be voting on two referendums on direct democracy in conjunction with their next provincial election.

1. Should voters be given the right, by legislation, to vote between elections for the removal of their Member of the Legislative Assembly?

2. Should voters be given the right, by legislation, to propose questions that the Government of British Columbia must submit to voters by referendum.

"British Columbians are being offered a more direct voice in the way they are governed," said Premier Johnson in making the announcement. "In my travels around the province I have heard time and time again, from citizens who want more from the democratic process than just a chance to vote at election time."

The first question refers to what is commonly called the "Right of Recall". Recall is a method of removing a public official by means of a vote. Legislation would specify the number of signatures needed to initiate recall, the number of votes required to recall an MLA, and the reasons for which an MLA could be recalled. If an MLA was recalled, a by-election would be held to fill the seat.

The second question refers to the "Right of Initiative". Initiative is a way for voters to petition for a referendum on a particular question. Voters deter-

mine both the referendum question and the results of the referendum. Subsequently, the Legislature would have to enact legislation in order to implement the results of a successful initiative and referendum.

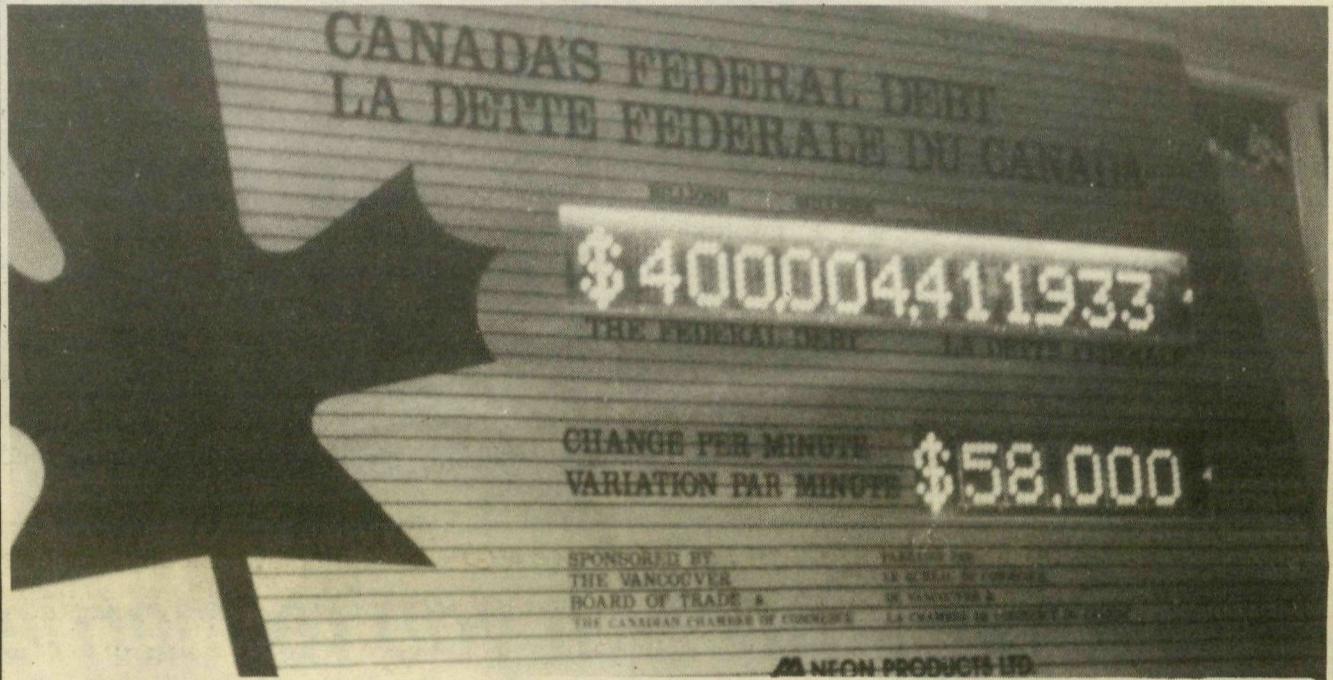
If British Columbians vote in favour of either or both referendum questions, the government will strike a non-partisan committee to undertake extensive consultations and to work out the details of the subsequent legislation specifying how recall and initiative would work in British Columbia.

Referendums work successfully in the States

Referendums work successfully in a number of U.S. states. In Montana, a petition containing the names of 5% of the total qualified electorate can force the government to put a particular law to a vote of the people. This provides an opportunity for citizens to reject certain legislation.

Other states such as Michigan require their government to hold a referendum before they may borrow money or increase taxation beyond certain pre-determined limits.

The Federal Debt hits \$400 Billion



As those attending the Debt Freedom Conference held September 9 in Vancouver looked on, the debt of the Federal Government reached \$400 Billion. Citizen initiated referendums would give citizens the opportunity to have a direct voice into government, forcing politicians to restrain excessive spending.

Debt Freedom Conference

by Rob Petruic

Calls for cutting grants and subsidies to business, instituting health care user fees and freezing government spending and taxation

Monday September 9, 1991 marked an important, although depressing day for Canadians. On that day the debt of the federal government surpassed the \$400 billion mark. Also on this day, the Debt Freedom Conference was held in Vancouver B.C. The purpose of this conference was to get beyond politics and to offer constructive solutions to the debt crisis facing Canada.

The conference addressed four distinct, yet, interrelated areas of concern.

Government Spending and Debt

There was general consensus in these sessions that the government should radically cut spending to control the deficit. Specific areas included: cutting grants and subsidies to business; allowing health care user fees; and freezing taxes and spending for the next three years. Audience participation also called for an end to cultural and multicultural grants as well as an end to official bilingual programs.

Competitiveness

Blair Wilson from the Canadian Manufacturing Association pointed out that the debt problem is due to Canadians' historic dependence on government. Canadians, he added, need to embrace the concept of wealth creation. He added that Canada is economically immature and has not come close to reaching its economic potential.

James Matkin of the Business Council of British Columbia added that Canadians are economically illiterate. He said we cannot continually rely on governments. Only through wealth creation can we expand the tax base and pay for the ever increasing costs of government.

Taxation

In the third session, Michael Walker of the Fraser Institute explained how people basically do not want to solve the deficit and debt problem. He said the majority of Canadians are receiving more services from government than

what they are paying for and they don't want change.

Political Will

The last session concerned the area of political will. No matter how many good ideas you have, it is imperative to have

"It is quite possible that the next generation of Canadians will have a significantly lower standard of living than their parents...All because it will be the next

generation's responsibility to pay for the fiscal irresponsibility of the current generation."

- Jason Ford, The Youth Alliance for Debt Freedom

the political will to implement them. The key speaker of this session was Federal Finance Minister Don Mazankowski who basically reiterated the current Conservative policy on dealing with the debt. Many of the previous speakers were disappointed that no new initiatives were forthcoming.

Many delegates agreed that while some progress had been made, the government had not gone far enough, and they called for zero percent growth in government spending over the next three years. Many felt the government lacked the political will to seriously deal with the current debt and deficit crisis.

On the whole, the conference stayed away from politics. The most significant message was the need to educate Canadians on the serious consequences of excessive government spending. Canadians have been mortgaging their future for too long. Today's current generation has been receiving the benefits of government services without paying for them.

GOVERNMENTS SHOULD BUY AT THE BEST PRICE TOO by Kevin Avram

The other day I got into a friendly chat with a colleague on the subject of taxes and privatization. He was convinced privatization was bad, and that governments take advantage of people whenever services are privatized.

"Like if they privatized janitorial services," he said. "They'd probably only pay somebody in the private sector six or seven dollars an hour to do that job, where they pay people way more than that now, and how can anybody live on six dollars an hour?"

"Look Arnold," was my reply. "When you go to buy something, do you buy where the sales clerks get paid the most, or do you spend your money where you get the quality you want at the best price?"

"Where I get the best price," he answered.

"Well, if that's the way you buy groceries, clothes, furniture and everything else, why wouldn't you want governments to do the same thing, especially when it's your money they're shelling out?"

With a look of real surprise on his face, he immediately replied, "I never really thought about it like that."

"It's not a matter of being against someone or trying to fleece somebody out of a job," I said, "It's a matter of expecting governments to get good value for our money, the same way you do when you go shopping for groceries, new tires or a haircut."

We then had a most interesting discussion on what the privatization of government services really means, and how less costly government services would mean lower taxes.

Unfortunately, it seems there are too many people who, not unlike my friend Arnold, have never carefully considered the benefits, cost savings and lower taxes which could be brought about by privatizing certain government services.

Probably one of the most interesting examples of the practical consequences of privatization is the experience of New Zealand. In 1984, New Zealanders elected the Labour government of David Lange, and rather than behaving the way Labour governments had in the past, Mr. Lange's

government brought in sweeping changes: changes which have reduced their national debt, cut income tax rates in half for middle and upper income people, and brought in a guaranteed minimum annual income for the poor.

Government services were privatized, crown corporations were sold, and subsidies were ended. In the Department of Forestry alone, the number of employees was reduced from 3,000 to 200, and rather than having needed services performed by government employees and bureaucrats, the New Zealand government, through the tender process, called for private companies to compete against one another for the privilege of being able to perform the work. The result was that the New Zealand Forestry Corporation turned an annual loss of \$100 million into a \$50 million profit. In other words, they were able to purchase the same services, on behalf of their taxpayers, at a lesser price - \$150 million less.

Who were the winners in all this? The winners were the taxpayers who received better value for the taxes they paid, and the national interest was a winner too. The national interest was served because the government's policies have helped reduce New Zealand's debt. Who were the so-called losers? The losers were those who were being over-paid to do the same job that other people would willingly and gratefully do for less money.

"Oh isn't it cruel," some would say. "Those poor people lost their government jobs to people who would work for less." I would suggest that such statements reflect unwise thinking. Would the average Canadian pay \$75 a week extra for groceries (at a place called Hi-Price), just because the cashiers, butchers and grocery boys got paid 25% more than anyone else in town, and got every third Friday off with Pay? I doubt it.



A Marriage Tax? - If you're married YOU pay it

Walter and Elaine Schachtschneider have an expensive conviction - they are married. They noticed in 1988 that it cost them \$1,207 more in income taxes to be legally married than it would to live common-law. In their case, this "marriage tax" rose to \$1,600 in 1989, and, with the birth of their second child, to \$2,600 in 1990. Walter and Elaine believe they will pay an extra \$4,000 in income taxes in 1991 for their conviction concerning marriage.

Walter and Elaine contend that the Income Tax is discriminating against themselves as well as 3.5 million other Canadian families. Finding that their relationship met all the tax requirements for a common-law relationship, Elaine filed an equivalent-to-marriage tax credit for her son in 1988. Revenue Canada initially rejected her claim and her later appeal.

A recent Statistics Canada publication supports Walter and Elaine's position. In one example in the study, a married couple with two children, with a combined income of \$50,000, would have paid \$8,152 total income tax in 1989. A similar couple, unmarried, would have paid only \$4,394 in income tax, for difference of \$3,758 a year.

This is just one example of discrimination. To get a picture of the overall impact of the "marriage tax", the Statistics Canada study compared the income tax actually paid by 6,148,000 Canadian families in 1989 with the income tax they would have paid if they were living common-law. Some results are in the accompanying table. Most couples with no children, or with all children over 18 years, were better-off being married. Most couples with children under 18, or with at least one elderly spouse, would have been better off living common-law. In total, 58 percent of Canadians are paying an average of \$1,560 more income tax simply because they are married.

Walter and Elaine first took their case to the Canadian Human Rights Commission. So far, the Commission has refused to sponsor their case, suggesting that Walter and Elaine challenge Revenue Canada in tax court for discriminating against married couples, contrary to the Canadian Charter of Rights and Freedoms.

The tax hearing took place on September 4, 1991. The Schachtschneider's lawyer argued that the tax discriminates against Walter and Elaine's conscientious belief in marriage. The Tax Court Justice, Robert King accepted the Statistics Canada study

as an exhibit of the different tax burden. The Revenue Canada lawyer argued that the tax advantage common-law couples enjoy is "merely incidental," and that marriage is basically "a legal, not a religious ceremony...like getting a license to drive a car." A decision is expected in early November.

Walter and Elaine would like to receive your comments. Letters may be sent to - Walter and Elaine Schachtschneider, P.O. Box 89098, Westdale Postal Outlet, Hamilton, On., L8S 4R5

A comparison of the Income Tax paid by Canadian families versus what they would have paid living common-law - 1989

Family Type:	Number of families that pay more Tax due to marriage	Percentage of families in this category that pay more tax	Average increase in tax married couples pay vs living common-law
Married Couples:			
With no children	586,000	37%	\$150
With children under age 18	2,058,000	67%	\$1,670
With all children over age 18	232,000	37%	\$430
With at least one elderly spouse	708,000	75%	\$2,780
Family Income (after all taxes)			
Under \$10,000	18,000	21%	\$450
\$10,001-20,000	325,000	46%	\$2,540
\$20,001-30,000	612,000	51%	\$1,550
\$30,001-40,000	861,000	61%	\$1,200
\$40,001-50,000	739,000	68%	\$1,520
\$50,001-60,000	471,000	66%	\$1,700
\$60,001-70,000	230,000	61%	\$1,650
Over \$70,000	327,000	58%	\$1,450
All married families	3,584,000	58%	\$1,560

Source: Richard J. Morrison and Jillian Oderkirk, "Married and Unmarried Couples: The Tax Question," Canadian Social Trends, Statistics Canada, Summer 1991

STATE BALANCED BUDGETS AND DEFICIT LIMITATIONS

Constitutional and Statutory Provisions

State	Governor Must Present Balanced Budget (Y,N)	Governor Must Present Balanced Budget (C,S)	Legislature Must Pass Balanced Budget (Y,N)	Legislature Must Pass Balanced Budget (C,S)	Governor Must Sign Balanced Budget (Y,N)	Governor Must Sign Balanced Budget (C,S)	May Carry Over Deficit (Y,N)
Alabama	Y	C,S	Y	C,S	Y	C,S	N
Alaska	Y	S	Y	S	-	-	Y
Arizona*	Y	C	Y	C	Y	C	Y
Arkansas	Y	S	Y	S	Y	S	Y
California	Y	C	N	-	N	-	Y
Colorado	N	-	Y	C	Y	C	N
Connecticut	Y	S	Y	S	N	-	N
Delaware	Y	C	Y	CC	Y	C	NN
Florida	Y	S	Y	CC	Y	S	NN
Georgia	Y	C	Y	C	Y	C	N
Hawaii	Y	C,S	N	-	Y	C,S	N
Idaho	Y	C	Y	C	N	-	NN
Illinois	Y	C	Y	CC	N	-	NN
Indiana	Y	C	Y	CC	Y	C	NN
Iowa	Y	C	Y	C	N	-	N
Kansas	Y	C	Y	CC	Y	C	N
Kentucky	Y	C,S	Y	CC	Y	C	NY
Louisiana	Y	C,S	Y	S	Y	C,S	Y
Maine	Y	S	Y	CC	Y	S	NN
Maryland	Y	C	Y	C	N	-	N
Massachusetts	Y	C	Y	C	Y	C	Y
Michigan	Y	CC	Y	CC	Y	C	NN
Minnesota	Y	SS	Y	SS	N	-	NN
Mississippi	Y	SC	Y	S	Y	S	NN
Missouri	Y	C	N	-	Y	C	N
Montana	YY	C	Y	C	N	-	N
Nebraska	YY	CC	NY	-	N	-	NN
Nevada	YY	SS	YY	C	N	-	NN
New Hampshire	YY	SS	NY	-	NY	-	NN
New Jersey	Y	C	Y	C	Y	C	YN
New Mexico	YY	C	N	-	N	-	N
New York*	YY	CC	NY	-	NN	-	YNN
North Carolina*	YY	CCS	YY	C	N	C	NN
North Dakota	YY	S	Y	S	Y	S	NN
Ohio*	N	-	N	-	N	-	N
Oklahoma	Y	C,S	Y	C	Y	C	N
Oregon	YY	C	YY	C	Y	CC	NN
Pennsylvania*	YY	C,S	N	-	Y	C	Y
Rhode Island	YY	C	Y	C	Y	S	NN
South Carolina*	N	-	Y	C	Y	C	N
South Dakota	YY	C	Y	C	Y	C	N
Tennessee	Y	C	YY	CC	Y	C	NN
Texas	-	-	Y	CC	Y	C	NN
Utah	Y	S	Y	C	Y	S	NN
Vermont	N	-	N	-	N	-	Y
Virginia*	YY	S	N	-	N	-	N
Washington	YY	S	NY	-	N	-	N
West Virginia	N	-	Y	CC	Y	C	NN
Wisconsin	YY	C	Y	CC	Y	C	NN
Wyoming	Y	C	Y	C	Y	C	N

Y = YES N = NO

C = CONSTITUTIONAL PROVISION

S = STATUTORY LIMITATION

Arizona - May carry over "casual deficits", i.e. not anticipated.

New York - Technically, the governor is not required to sign a balanced budget.

However, in order to consummate the spring borrowing, the governor must certify that the budget is in balance.

North Carolina - Governor must maintain a balanced budget; does not sign the legislation.

Ohio - There is no constitutional or statutory requirement that the governor

submit or the legislature enact a balanced budget. There is a constitutional requirement that the legislature provide sufficient revenues to meet state expenses. The governor is required by statute to examine monthly the relationship between the appropriations and estimated revenues and to reduce expenditures to prevent imbalance.

Pennsylvania - May carry over deficit into following year.

South Carolina - Formal budget submitted by budget and control board, not governor.

Virginia - The constitution specifies that expenditures shall not exceed revenues at the end of the biennial period.

Letters to "The Taxpayer"

Recently I visited my sister in Saskatchewan. They spoke of this taxpayers' organization and proceeded to show us "The Taxpayer". I was amazed and unaware of what is really happening to the money deducted from my paycheque every two weeks, as most Canadians are I'm sure.

I hope, if this is not a Canada wide organization, it soon will be. I would be interested in receiving "The Taxpayer" and any other literature associated with the Canadian Taxpayers Federation.

It's time something is being done as our country is going

down the tube. For all the taxes we all pay, we should be one of the richest countries in the world. Most Canadians are unaware of what is really happening, and why our country has such a huge deficit.

Yours Truly
J.N.

I believe your organization is worthy and I fully support your endeavours in this decade of the 1990s. I will look forward to receiving printed material from you.

A. D.

Please send information on your work and how I can help in letting others know what they can do to stop the taxation in the direction that it is going.

Yours truly,
H. C.

I'm sitting here with "The Taxpayer" open at pages 10 and 11 looking at this long list of give-aways and wondering why my taxes are so high, and why this country is so broke.

A quick scan of this list I see 10 places where there have been two grants given, and four

places where three grants have been handed out to the same companies and some of them are quite sizeable.

I realize this is taxpayers' money being spent and it hurts.

I appreciate what the Taxpayers Federation is doing. Keep up the good work.

Yours for a better Canada.
G.R.

Letters to "The Taxpayer" are edited for length and clarity. Please address all correspondence to the Canadian Taxpayers Federation, 200 - 1315 Scarth Street, Regina, Sask., S4R 2E7

BALANCED BUDGET LAWS

Although Balanced Budget Laws are somewhat foreign to Canadian provinces, they are particularly popular among a number of American states as seen on the previous page.

Balanced Budget Laws generally limit the spending of governments, which protect taxpayers from the negative effects of unrestrained government spending and excessive taxes.

Balanced Budget Laws do not prevent state governments from borrowing money, but they limit how much they can borrow, and often stipulate how quickly the government must pay back the loan.

In Alaska, politicians must seek approval from the electorate, by means of a referendum, if they want to borrow money beyond the limits of their legislation.

In states such as Michigan and Missouri, if taxes raise more money than is projected, the government must refund the excess to the taxpayer.

For a list of which US states have Balanced Budget Laws, please refer to page seven. The following chart summarizes the laws for 18 of the US states.

STATE, YEAR OF ADOPTION, TYPE OF LIMIT, METHOD OF APPROVAL	LIMIT APPLIES TO:	THE LIMIT IS:	PROVISIONS FOR WAIVER:	PROVISIONS IN THE CASE OF TRANSFER OF RESPONSIBILITY FOR GOVERNMENT PROGRAMS	TREATMENT OF SURPLUSES
Alaska 1982 Constitutional Expenditure Legislative Referendum	State appropri- ations	Appropriations shall not exceed \$2.5 billion by more than the cumulative percentage change in population and inflation since 7/1/81.	Limit may be exceeded for capital projects or appropriations to the permanent fund if the bill is (1) approved by the governor or 3/4 of the legislators and (2) approved by voters.	None	
Arizona 1978 Constitutional Expenditure Legislative Referendum	Appropriations of state tax revenues	Appropriations of state tax revenues shall not exceed 7% of state personal income.	Requires 2/3 approval of each house of the legislature on specific additional appropriation.	Legislature shall provide for adjustments to limit if court order or legislative enactment transfers responsibility between state and local governments or between federal and state govts.	No provision
California 1979 Constitutional Expenditure Citizen Initiative	Appropriations of state tax revenues	Yearly growth in appropriations limit shall not exceed percentage increase in population and inflation.	In the event of an emergency, the appropriation limit may be exceeded provided increased expenditures are compensated for by reduced expenditures over 3 following years. Alternatively, the limit may be changed by voters, but the change is operative for only 4 years.	1) The appropriations limit shall be altered if program responsibility is transferred from one government entity to another, from govt. to private entity or from funding through general revenues to funding through special revenues. 2) The state shall provide the funding when it requires local govt. to provide a program. 3) Appropriations required for purpose of complying with federal requirements are not under limit.	Surplus revenues shall be returned by revision of tax rates or fee schedules within next two fiscal years.
Colorado 1977 Statutory Expenditure Legislative Vote	State general fund appropriations	Yearly growth of state general fund appropriations shall not exceed 7%.	Statute may be amended at any time by majority vote of legislature.	None	General fund revenues in excess of limit and after retention of unrestricted general fund year end balances of 6% of revenues shall be used for tax relief, capital construction, highway expenditures and water projects.
Hawaii 1978 Constitutional Expenditure Constitutional Convention Referendum	State general fund appropriations	Rate of growth of general fund appropriations shall not exceed average rate of growth of state personal income for 3 previous years.	Requires 2/3 approval of each house of the legislature on specific additional appropriation.	State shall share in cost of any new program or service increase required of local governments by the legislature.	If state general fund balance in each of two succeeding years exceeds 5% of general fund revenues, legislature shall provide for tax refund.
Idaho 1980 Statutory Expenditure Legislative Vote	State general fund appropriations	Appropriations shall not exceed 5-1/3% of state personal income.	Requires 2/3 approval of each house of the legislature on specific additional appropriation.	Adjustments to limit shall be made if court order or legislative enactment transfers responsibility between state and local governments or between federal and state governments.	No provision
Louisiana 1979 Statutory Revenue Legislative vote	State tax revenue	Tax revenue shall not exceed: <u>Fiscal Year 78-79 tax rev.</u> 1977 state pers. inc. multiplied by last yr.'s state personal income.	Statute may be amended at any time by majority of legislature./	None	State tax revenue in excess of limit shall be deposited in the Tax Surplus fund; appropriations from that fund may be made for paying tax refunds.
Michigan 1978 Constitutional Revenue Citizen Initiative	State revenue	Revenue shall not exceed <u>Fiscal Y 78-79 state rev.</u> 1977 state pers. inc. multiplied by the greater of state personal income in prior calendar year or average state personal income over previous 3 calendar years.	Government must first specify an emergency, then the legislature must concur by 2/3 vote in each house.	1) Limit may be adjusted if program responsibility is transferred from one level of govt. to another. 2) State is prohibited from reducing current proportion of local services financed through state aid. 3) No new program shall be required of local govts. unless cost is paid by state. 4) The proportion of total state spending paid to all units of local government as a group shall not be reduced below proportion for Fiscal Year 78-79.	Revenues exceeding limit by 1% or more shall be used for tax refunds set in proportion to income tax liability. Excess less than 1% may be transferred to the State Budget Stabilization Fund.
Missouri 1980 Constitutional Revenue Citizen Initiative	State revenue	Revenue shall not exceed <u>Fiscal Year 80-81 state rev.</u> 1979 state pers. inc. multiplied by the greater of state personal income in prior calendar year or average state personal income over previous 3 calendar years.	Governor must first specify an emergency, then the legislature must concur by 2/3 vote in each house.	1) Limit may be adjusted if program responsibility is transferred from one level of govt. to another. 2) State is prohibited from reducing current proportion of local services financed through state aid. 3) No new program shall be required of local government unless cost is paid by state.	Revenues exceeding limit by 1% or more shall be refunded pro-rata based on income tax liability. Excess less than 1% shall be transferred to the general revenue fund.
Montana 1981 Statutory Expenditure Legislative Vote	State appropri- ations	State biennial appropriations shall not exceed state appropriations for the preceding biennium plus the product of preceding biennial appropriations and the growth percentage. The growth percentage is the percentage difference between average state personal income for the 3 calendar years immediately preceding the next biennium, and the average state personal income for the 3 calendar years immediately preceding the current biennium.	Governor must declare an emergency. Legislature must then approve specific additional expenditures by 2/3 vote of each house.	None	No provision
Nevada 1979 Statutory Expenditure NON-BINDING Legislative Vote	Governor's proposed general fund expenditures	Proposed biennial expenditures authorized for the 1975-76 biennium multiplied by [1 + percentage population change since 7/1/74] multiplied by [1 + percentage inflation]	Not applicable because nonbinding.	None	No provision
Oregon 1979 Statutory Expenditure Legislative Vote	State general fund appropriations	The rate of growth of appropriations in each biennium shall not exceed rate of growth of state personal income in 2 preceding calendar years.	Statute may be amended at any time by majority of legislature.	Adjustment to limit shall be made if program funding is transferred from general fund to non-general fund sources.	Revenue exceeding limit by 2% or more shall be used for tax refunds proportional to income tax liability.
Rhode Island 1977 Statutory Expenditure NON-BINDING Legislative Vote	Governor's general fund appropriation request	Yearly growth in Governor's general fund appropriation request shall not exceed 6%.	Not applicable because nonbinding.	None	No provision
South Carolina 1980, 1984 Constitutional Expenditure Legislative Referendum	State appropri- ations	Yearly growth in state appropriations shall not exceed average growth of personal income over 3 preceding yrs. or 9.5% of total state personal income, whichever is greater. Also, the number of state employees is tied to state population.	Limit may be exceeded for one year by a 2/3s vote of the legislature if it first declares a financial emergency. Also, every 5 years the legislature can review the composition of the limit.	None	Excess revenues may be spent to match federal programs, for debt purposes, tax relief, or transferred to reserve fund.
Tennessee 1978 Constitutional Expenditure Constitutional Convention Referendum	Appropriations of state tax revenues	Growth in state appropriations shall not exceed growth in state personal income.	Specific additional amount may be approved by majority vote of the legislature.	State must share in cost if it increases expenditure requirements of local governments.	No provision
Texas 1978 Constitutional Expenditure Legislative Referendum	Appropriations of state tax revenues	Growth of biennial appropriations shall not exceed rate of growth of state personal income.	Specific additional amount may be approved by majority vote of the legislature if it first adopts a resolution that an emergency exists.	None	No provision
Utah 1979 Statutory Expenditure NEVER IM- PLEMENTED Legislative Vote	State appropri- ations	Growth in appropriations may not exceed 85% of the increase in state personal income.	Limit may be exceeded by 2/3 vote of legislature if fiscal emergency is declared by legislature and legislature follows required procedures for publicizing its intent and holding public hearing.	1) Limit shall be adjusted if program responsibility is transferred between state and local govts. or from the federal govt. to the state. 2) Limit shall be decreased if funding sources moved from sources covered under limit to sources exempt from limit. Revenue from exempt sources that is moved to non-exempt accounts shall come under the limit.	Revenue in excess of limit up to 2% of appropriations may be kept in unappropriated state funds balance; other excess revenue shall be rebated to taxpayers.
Washington 1979 Statutory Revenue Citizen Initiative	State tax revenue	Growth in tax revenues shall not exceed average rate of growth of state personal income over preceding 3 years.	Emergency must be declared by 2/3 vote of legislature then legislature must approve specific additional appropriations by 2/3 vote.	1) Limit shall be adjusted if program responsibility is transferred between state and local govts. or between state and federal govt. 2) State must reimburse local govts. for increased cost if legislature imposes program responsibility on local govts.	Excess revenue becomes part of state tax revenue for next fiscal year.

Auditor General's Corner

The Senate of Canada - Travel Expenses*

Travel Expenses:

3.31 Each Senator is entitled to an annual total of 64 "points", each of which is worth either four short-haul first class airline tickets or one long-haul first class ticket. Most Senators use much less than their full entitlement. A Senator's staff and immediate family (defined as spouse, parents, grandparents, children, grandchildren, spouses of any of those persons and any person residing with the Senator on a permanent basis) can also use these points when so authorized by the Senator.

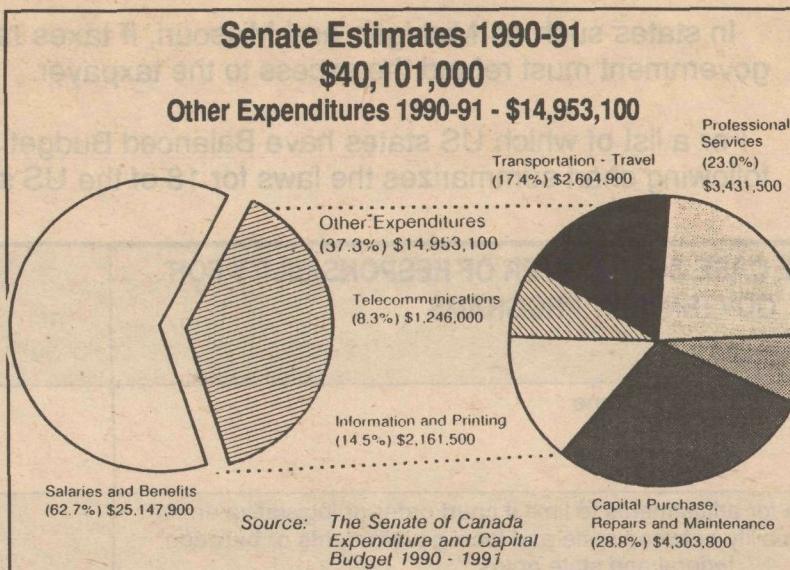
In 1988-89 the average amount per Senator reported in Public Accounts was about \$18,000. The range was from \$0 to \$52,654. Senate policy during fiscal 1989-90, from which our sample was drawn, limited some trips to those between the Senator's home and Ottawa. However, in June 1990, the Senate adopted a new policy which eliminated any restrictions on the Canadian destinations or origins of either for Senators, or their families. It also added Senator's researchers to the list of permitted travellers. International trips continued to require separate approval from the Committee on Internal Economy.

Observations:

3.32 There is no assurance that travel expenses are incurred for the service of the Senate.

3.33 The amounts for travel of individual Senators reported in Public Accounts do not include committee travel or travel paid for with Senate funds granted to the Parliamentary Associations Secretariat and the Parliamentary Exchange and Protocol Directorate.

*Taken from the Audit of the Administration of the Senate of Canada by the Auditor General of Canada - March 1991



3.34 In order to be able to ascertain whether the Senate's travel policy complied with the Parliament of Canada Act and was being appropriately applied, we examined several travel claims. They clearly illustrate the difficulty of ascertaining whether the trips were for the service of the Senate.

3.35 One Senator, for example, was reimbursed for trips by the Senator and four family members to travel from several different parts of the country to Vancouver for a week. The Senator does not come from B.C. Another was a return trip by an adult daughter from Vancouver to a Senator's home province in eastern Canada when the Senate was not in session. Another was a series of weekend

trips by a Senator to one destination and the spouse to a destination in the opposite direction.

3.36 It is a fundamental principle of good management that an individual should not be able to award oneself public funds. Staff generally accepts a Senator's signature as sufficient evidence that the funds requested are for the service of the Senate. Given the unique nature of the Senate, such difficult decisions cannot be made appropriately by Senate officials and therefore should be open to public scrutiny.

3.37 Travel expenses for individual Senators currently reported in Public Accounts do not include amounts for travel on behalf of committees, the Parliamentary Associations and the Parliamentary Exchanges Directorate. Only the total cost of travel utilizing the 64 "points" is reported. For instance, one Senator travelled on behalf of an interparliamentary association three times to the third world, twice to Europe, once to the United States, and three times to various locations within Canada in 1988 and 1989 for a total of 55 travel days.

Waste Watch by Craig Docksteader

Recently, the Canadian Taxpayers Federation began a new program entitled "Waste Watch". As an extension of the research already being conducted into government spending, this program will research reports of wasted tax dollars submitted by concerned individuals.

Although a new activity, the objective of "Waste Watch" remains the same as the rest of the Taxpayers Federation's activities -- to promote the responsible and efficient use of tax dollars, and to provide the public with information about government spending.

As expected, reaction to the program varies. On the one extreme, there are people who think the program is an exercise in futility which will accomplish nothing; on the other hand there are those who consider the program to be an answer to prayer. In the middle are those who either see some validity to the program, but are not overly optimistic, and those who don't really know what to think.

Personally, I think it is fair to say that solutions are seldom found in the form of a miracle cure. Change usually takes place through smaller increments of improvement as citizens begin to take responsibility for the condition of their country. Restraining wasteful use of tax dollars is one of these increments.

Currently, there is no effective method of restraint which serves to ensure that politicians and government officials keep the waste of tax dollars to a minimum. There is no bottom-line concern as there would be in private sector business; there is seemingly no lack of money because revenue can "easily" be raised by hiking taxes. There is no limited budget because expenditures in excess of budget can simply be racked up as a deficit.

Consequently, there is no effective mechanism in place which would ensure the responsible and efficient use of tax dollars. Even the Auditor General and provincial auditors have minimal influence in this area. Essentially, other than the occasional

scrutiny of the media peering into blatant and extravagant cases of waste and abuse, who is watching?

When you begin to think about it, you soon realize that in order to keep watch on government waste you would need to employ an army of "waste watchers". This process would cost taxpayers more than it would save. If, however, the average taxpayer has an avenue to check out what they think might be the waste or abuse of tax dollars, we begin to see the makings of a truly effective mechanism of restraint. Here we have individuals with a vested interest in seeing tax dollars used as efficiently as possible, taking personal responsibility to see that their money is being used wisely.

We hear a lot about apathetic, uninvolved Canadians who are content to bellyache and complain, yet it seems that most of them stay uninvolved. An army of complainers goes a long way in producing cynicism, disillusionment and apathy in a country; an army of involved, participating waste watchers will go even further in positively contributing towards the efficient and responsible use of our tax dollars.

If you know of any situation where tax dollars are being wasted, you can report it by simply filling out the attached form and sending it to "Waste Watch".

Exposing Government Wa\$te

Name: _____ Date: _____ Phone: _____

Address: _____ Town/City: _____ Prov: _____ PC: _____

Report: (Briefly outline the tax waste - we will contact you for further information)

Send to: "WasteWatch", c/o Canadian Taxpayers Federation, #200 - 1315 Scarth St., Regina, SK., S4R 2E7

Alberta Taxpayers Calling for Limits on Government Spending

Jason Kenney, Provincial Coordinator for the Association of Alberta Taxpayers, and Dr. Chris Gerrard, Chief Economist of the Canadian Taxpayers Federation, made a presentation to the Alberta Select Committee on Constitutional Reform on Monday, September 9 in Edmonton.

In their presentation they focussed on the current financial crisis facing both federal and provincial governments in Canada, pointing out that the last time our federal government showed a surplus was in 1970. At that time our national debt stood at \$17 billion. Today, it exceeds \$400 billion.

Kenney told the committee that 1975 was the last year the federal government came even close to balancing its budget.

Gerrard and Kenney argued that our escalating level of debt is both a symptom of, and contributing to, our constitutional crisis.

Consequently, they called for constitutional provisions for initiative and referendums. Such mechanisms would ensure that citizens' views would be heard.

Second, they called for constitutional limits on the rate government spending can grow, as well as limits on borrowing. They noted that the Government of British Columbia recently passed a *Taxpayer Protection Act*, and that the federal government has recently introduced a *Spending Control Act*.

The next day, the Edmonton Journal reported that the Association of Alberta Taxpayers had "set the

tone for the resumed constitutional hearing which unearthed views widely critical of politicians and the political process."

It seems that many average Canadians have come to the point where they believe that politicians no longer represent their views, and as a result feel unprotected from the unrestrained manner in



"Government spending must be controlled and politicians talk as if it's not a problem." - Jason Kenney (left), Provincial Coordinator for the Association of Alberta Taxpayers, commenting on the response to the Taxpayers' presentation. Chris Gerrard, CTF National Research Director (right)

The Edmonton Journal reported that the Association of Alberta Taxpayers set the tone for the resumed constitutional hearing...

which government spends. Such spending is leading to even higher taxation, continuing deficits, and spiralling national and provincial debts.

Matheson criticizes GOVERNMENT HANDOUTS TO BUSINESS

Bob Matheson, President of the Association of Alberta Taxpayers was the keynote speaker at the opening of the Opportunity Alberta Showcase on Wednesday, September 8 in Calgary. The show was sponsored by Channels 2 and 7 TV, the Calgary Sun, Trans Canada Pipeline, Investors Syndicate and many other other prominent Alberta Companies.

In his address to approximately 250 business men and women, Matheson criticized the government handout of grants to business. The following is an excerpt from his address:

In the 60's and 70's, the federal and provincial governments set themselves up as the solution

to all manners of problems in our society which historically had not been viewed as the responsibility of government to solve. Name a problem, and they set up a government program to fix it.

The fruits of this unrealistic view of government are now evident, among other things, in our \$400 billion national debt. The fruits are also evident in the now "everywhere-you-look" government grant and subsidy programs.

A major Queen's University study¹ on government grants to business concluded that for 40 percent of the grant receiving firms, the grants represented at least 50% of the net worth. For 20 percent of the firms, the grants represented more than 175 percent of net worth.

This study went on to say that since these grants constituted a significant increase in the individual's wealth, "the federal government may be in the business of appointing rich men as a natural and inevitable consequence of the grants program."¹

Many of these companies are paper companies started largely by government grants. With so little of their own money involved, people find it easy just to walk away when the going gets tough - leaving the taxpayer holding the bag.

In my experience, most business firms do not wish to spend time and money applying for government grants. However, in order to survive, businesses are often compelled to apply for grants, because their competitors are applying for and receiving grants. Success in busi-



"One of my early investments involved the production and release of two feature length movies -- some of you may have heard of "Wings of Chance" in 1958/59 and "The Naked Flame" in 1962/63. Both were flops, but it was only our money that was lost. Now our governments are pouring millions of your money and mine into this industry -- which is still producing flops." - Bob Matheson addressing the Alberta Opportunity Showcase

ness is becoming less and less a function of efficiency and more and more a function of one's ability to procure grants.

Governments have a pretty bad score card with respect to "picking the winners". And should not be taking taxes from successful businesses in order to redistribute the wealth to others not so successful. I am sure the Soviet Union and other Eastern European countries would be shocked to see us moving in the same direction that devastated their economies.

Taxpayers' Display

FEDERA

Promoting responsible and efficient tax dollars



The Taxpayers' display at the Alberta Opportunity Showcase. Ken Prochinsky, CTF Support Services Manager, is pictured above at the Federation's display.

¹ Dan Usher, The Benefits and Costs of Firm-Specific Investment Grants: A Study of Five Federal Programs, Queen's Discussion Paper #511, 1983

Privatization Saves Taxpayers' Money and Turns Former Government Employees into MILLIONAIRES

Rob Petruic, Research Associate with the Canadian Taxpayers Federation, recently had a chance to interview Andrew Parkhouse of National Freight Corporation of the United Kingdom. National Freight was a government owned company in England, that was privatized in 1984. This is their success story.

Petruic: What was the financial situation of National Freight before privatization?

Parkhouse: National Freight was pretty much break even after three to four years of quite hard cutting and pruning. It was obviously being funded by the government at that stage. After it was nationalized by the government, the company could never count on money being available from one year to the next. One year they would say "Yes, you've got the money" and the next year they might say "Hang on, we haven't got anymore." As a result, it was very difficult to develop a long term strategy or to do what you needed to do.

In '79, the Conservative government came to power. The first thing they did was take us out of the government sphere by turning us into a limited company. For two years they (the government) planned to put us on to the stock exchange. However, due to an economic downturn they were advised against it.

At this point, the management of National Freight thought the company might now get sold off piecemeal. We had put a lot of effort, time and money into getting this company turned around. So we came up with a plan of our own, and decided to buy the company before it was sold off a bit at a time.

Petruic: When the plan came out that shares would be sold to employees, how was the idea received?

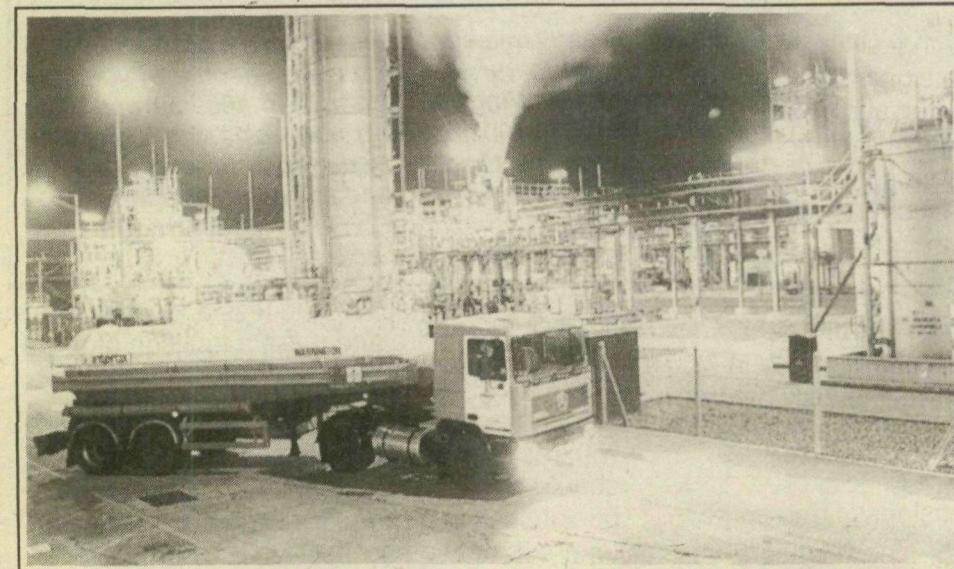
Parkhouse: The employee buy out was spearheaded by Sir Peter Thompson. The management of National Freight had gotten together and figured the company should be purchased by all the employees, not just the management. They thought it would be good business to have all the employees involved.

The first thing they did was to take the buyout proposal to the top 100 managers in the company. This group responded with an enthusiastic yes. The next step was to involve the rest of the management. It was important to get the remaining management on side because each manager, and there are thousands throughout the United Kingdom, would be our salesman for the project.

There was sort of a two-stage communications program, first we went to the managers with our proposal and from there they set up meetings in the various operational branches around the country. A presentation was made and the people were offered the opportunity to buy shares in the company. We decided that shares would be sold to the employees and their immediate families as well as the pensioners in the company. It became a sort of shareholding family.

Petruic: What was the initial share price offered to the employees and was it below market value of the share?

Parkhouse: There was no market value for the shares because we hadn't gone to the public market at that stage. We were simply buying it off the government, and we raised the money through a share offering to the employees. The employees held 83% of the equity, and the other 17% was held by the banks who loaned us the money. We ended up buying it from the government for 53.5 million pounds.

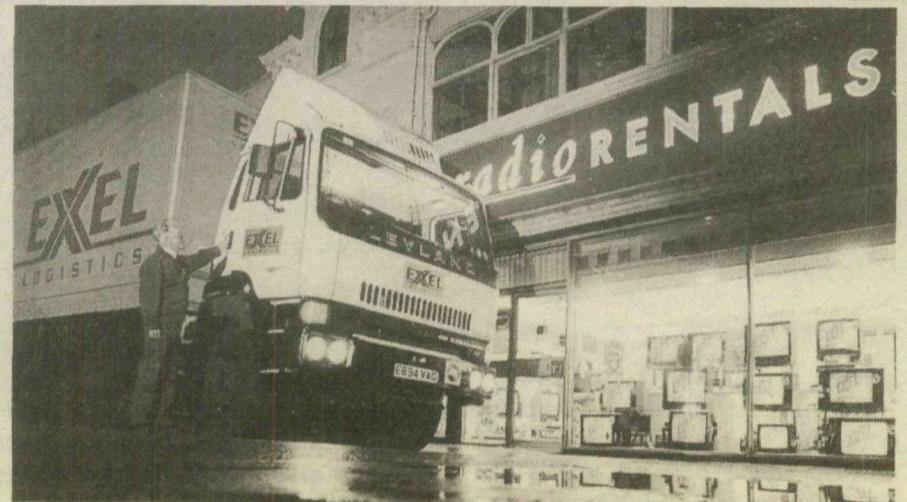


"Some of the Unions publicly advised their members not to buy shares. However, I think they later regretted it. A lot of members ignored their advice. Those that took their advice, later said, 'this is ridiculous' and bought shares."

Petruic: Was there any resistance from the employees to the privatization move?

Parkhouse: No, not particularly. Some of the unions publicly advised their members not to buy shares. However, I think they latter regretted opposing it. This was their opinion at the time, and that's the way they advised their members. A lot of members ignored the advice. Those that took their advice, later said this is ridiculous and bought shares.

The shares initially cost a pound each, and then there were share splits



"There were cases where people actually remortgaged their houses to get cash into it. Any who invested 20,000 pounds in 1982 would be millionaires now. There are truck drivers who fall into this category, and they're still driving for us."

and issues after that. The original one pound share today is standing at about 100 pounds. (Note: a pound is worth approximately \$2.00 Can.)

Petruic: I read recently that some employee shares are now worth around 500,000-1 million pounds. So are some employees sorry they did not purchase more shares, or get into it sooner?

Parkhouse: Well, yes I'm sure they did, but on the other hand, people have only a certain amount of cash. There were cases where people actually remortgaged their houses to get cash to put into it. Any who invested 20,000 pounds in 1982 would be millionaires now. There are truck drivers who fall into this category, and they're still driving for us. If they were to sell their shares, they would lose a lot of it due to taxes, but none-the-less on paper they are millionaires.

Petruic: After the individual employees purchased shares, were there any noticeable gains in worker productivity?

Parkhouse: Yes, productivity has gone up every year since then, and it's still going up. Turnover (productivity) per employee increased all the way up, but salaries didn't increase at the same rate. This was a good picture, not only for the company, but ultimately for the employees as well.

Petruic: I heard that National Freight has invested in a U.S. trucking company.

Parkhouse: We are, in fact, well into the U.S. market already. At the moment, we're the largest public warehousing company in the U.S. under our brand name Exel Logistics. And in fact, we've acquired 5 or 6 American companies in the years since then.

As a government-owned company, we couldn't expand in this way, but as soon as we were privatized we decided that we didn't want to rely totally on the United Kingdom economy anymore. We wanted to spread our risk globally, so if the U.K. economy was depressed and the American one wasn't, we would still have profits coming into the company. We set a target of reaching 25% of our profits from overseas by 1988. We achieved this, and we're now looking at 50% by 1995. We are expanding rapidly overseas and rapidly becoming a global company.

Petruic: What is the financial position of National Freight today?

Parkhouse: We're about a \$1.5 billion pound company in turnover (gross revenue), our profit is between 90 and 100 million pounds a year - 97.7 million last year. It is likely to be less this year. In 1982, we started with a turnover of about 360 million and a profit of 4 million, so we've come along way since then.

Canada Council Grants and the give away of our tax dollars

by Kevin Avram

When we hear the name Canada Council, most people think of an official committee, of sorts, which must make high and lofty decisions about the affairs of our nation. The fact is that the Canada Council does no such thing. Instead, it is an independent agency set up by the federal government to give away your money.

At its inception in 1957, Parliament provided the Council with a \$50 million endowment, the revenue from which was supposed to support all of its projects and programs. This lasted until 1965 when due to the growing number of "requests for funds", Canada's cultural community deemed their restricted financial resources as insufficient, and the ever anxious to please Parliamentarians thus began to apportion revenues directly to the Council.

In total, the Council has given away over a billion dollars. In the past three years alone, they have doled out nearly \$300 million.

There was a \$10,000 grant to translate Jim Burke's book, "If it Weren't For Sex I'd Have to Get a Job." Grants measuring in the hundreds of thousands went to the playwright's Union of Canada. A grant of \$11,500 to translate one of Pierre Burton's books.

There was a grant of \$1,837 to Uniebok, B.V. Houten in the Netherlands to translate the book, "Almost Japanese" into Dutch, and a grant of \$2,239 to AB Raben & Sjogren in Stockholm to translate the book "Sweetgrass" into Swedish. In fact, the Canada Council has awarded grants to dozens of foreign publishers in numerous countries.

\$1,330,000 was given to both the Montreal and Toronto Symphony Orchestras, \$41,000 to the Pacific Opera, \$41,850 to the Writer's Union of Canada and a grant of \$10,400 to a Toronto Art Gallery for showing an exhibit called "Sight Specific, Lesbians and Representations."

\$7,800 went to the Berlin Philharmonic Wind Quintet of Germany,

\$4,725 to Flores Chaviano in Madrid Spain, \$4,245 to a group called Elision in Melbourne Australia, \$17,231 to the Hugh Fraser Quintet from Victoria so they could go on a tour.

The Saskatchewan Wheat Pool subsidiary Western Producer Prairie Books picked up an \$86,755 publishing grant as did MacMillan of Canada, except theirs amounted to \$165,940. A \$222,130 publishing grant went to the McClelland and Stewart Publishing House in Toronto; a grant of \$3,500 to translate the book "Dear Bruce Springsteen"; \$40,000 to the Canadian League of Poets; \$27,000 to the Toronto Photographer's Workshop; \$7,305 to the Institute for Art and Urban Resources in New York; and \$46,567 to Fringe Research Holography of Toronto to do experimentation and research.

Another role of the Council is to keep literally thousands of people on the payroll by giving them grants. Grants vary considerably, but for many they average between \$1,000 and \$1,500 a month. This allows them opportunity to pursue on a full-time basis their artistic interests, and this process is the federal government's policy which theoretically provided Canadians with the culture we are told we lack.

The Council also operates an Art Bank by buying up thousands of pieces of art, in many cases from those who are recipients of their grants. In fact, the Art Bank now holds over 14,000 pieces of art. This comfortable arrangement provides this cultural elite the opportunity to spend their time taking photographs, experimenting with videos or whatever other "cultural endeavour" they may wish.

The Council also sends people overseas. Additional grants to send people to Paris or Barcelona are common. In fact, so common that the Council, through the Department of External Affairs, now maintains three studios and living accommodations in Paris so their cultural wards can devote themselves to creative works at the taxpayers' expense.

To have an agency, such as the Canada Council, give away money at the best of times does not sit well with many taxpayers. To have them give away millions when Canada is in the midst of a debt crisis is sheer lunacy.

At the same time that Canadians have received massive tax increases from the Mulroney government, the federal Tories are shovelling money out the back door via agencies such as the Canada Council.

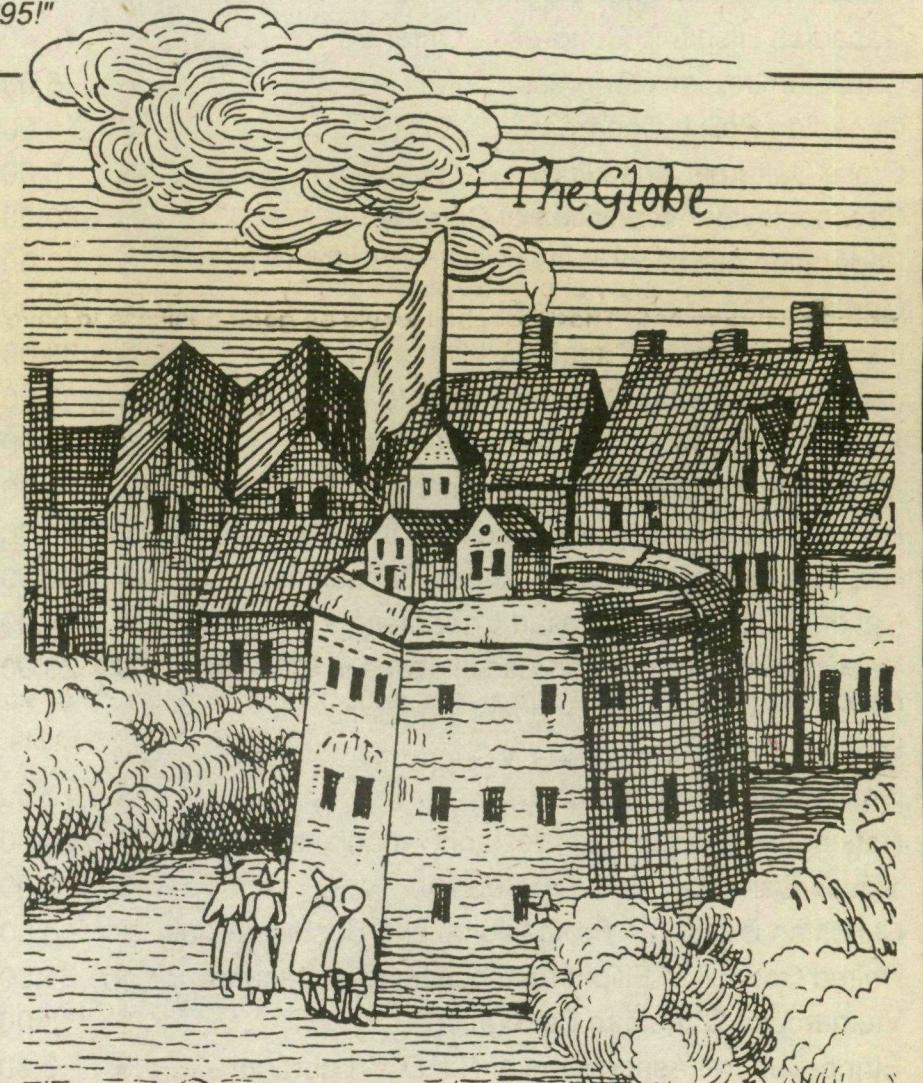
LITTLE BOY COMPLAINS

A little boy wanted \$100 very badly and his mother told him to pray to God for it. He prayed for two weeks, but nothing turned up. Then, he decided, perhaps he should write God a letter requesting the \$100.

When the postal authorities received the letter addressed to God, they opened it, and decided to send it to the Prime Minister. The Prime Minister was so impressed, touched and amused that he instructed his secretary to send the little boy a cheque for \$5. He thought this would appear to be a lot of money for the little boy. The little boy was so delighted with the \$5, he sat down and wrote a thank-you letter to God, which read as follows.

"Dear God:

Thank you very much for sending me the money. I noticed that you had to send it through Ottawa. As usual, those gougers deducted \$95!"



The famous Globe Theatre of London, England where the likes of William Shakespeare plied his trade, received no government funding. Others such as Rembrandt, Shelley and Keats also received no government funding.

Other famous artists and writers functioned as amateurs in their particular field. This included such notables as Emily Dickinson and Walt Whitman. Van Gogh, the famous Dutch painter, only sold one painting during his lifetime.

But this is Canada you say, things are different here. Well, how about Canadian author W. K. Kinsella, whose books are very popular. His book *Shoeless Joe* was the basis for the movie *Field of Dreams*, and Kinsella has never received a Canada Council grant. The late William Kurelek, one of Western Canada's famous painters, also received no government help.

Yes, even Canadian artists can become famous without government grants.

Governor takes pay cut

In an unusual, but refreshing move, Governor John Engler of Michigan took 4 days off without pay to help cut down the state's deficit.

He wasn't alone, 11,000 other Michigan state employees followed suit. This move resulted in the closing down of many state offices. The cost cutting move did not include vital services such as police or fire departments.

The move is expected to save Michigan approximately \$14 million (US).

- Leader-Post, August 17, 1991

MULTICULTURAL GRANTS

The following list of multicultural grants is presented for the purpose of information. Our intent is not to criticize any of these groups and organizations or in any way discredit their goals and objectives. Rather, we believe it to be a part of our mandate to make taxpayers aware of the many ways in which their money is being spent.

Congress Committee Sietar 87	\$ 2,000
Harambee Centres Canada and Foundation	\$ 25,000
Sietar International	\$ 5,000
Canadian Multilingual Press Federation	\$ 20,045
Ethnocultural Business Advisory Committee	\$ 23,000
Aljalia Magazine	\$ 7,500
Asia Pacific Festival Society	\$ 25,000
Canadian Association for Irish Studies	\$ 5,000
Canadian Centre for Italian Culture and Education ..	\$ 2,500
Can. Council for Multicultural & Intercultural Ed.	\$ 210,000
Japanese Canadian Studies Society	\$ 4,500
Canadian Arab Federation	\$ 34,000
Canadian Council of Muslim Women - Alberta	\$ 7,500
Canadian Ethnocultural Council	\$ 97,500
Canadian Hispanic Congress - Ontario	\$ 42,400
Canadian Jewish Congress	\$ 5,000
Canadian Polish Congress	\$ 10,000
Cross Cultural Consulting	\$ 10,000
Czechoslovak Association of Canada	\$ 20,000
Federation of Ethiopian Associations in Canada	\$ 10,000
German-Canadian Congress	\$ 65,000
Hellenic Canadian Congress - Ontario	\$ 35,000
Jewish Community Centre of Toronto	\$ 8,000
Korean North American Student Conference	\$ 5,000
Macauliffe Institute of Sikh Studies	\$ 10,000
National Association of Canadians of Origins in India ..	\$ 56,000
National Association of Japanese Canadians	\$ 32,500
National Congress of Italian Canadians	\$ 34,000
Nat.Council of Barbadian Associations in Canada Inc. \$	20,000
National Council of Ghanaian Canadians	\$ 11,000
Nat. Council of Jamaicans & Supportive Organizations in Canada	\$ 12,800
National Federation of Pakistani Canadians Inc.	\$ 24,000
Slovak Canadian National Council	\$ 17,000
Ukrainian Canadian Professional and Business Club ..	\$ 3,000
United Council of Filipino Associations in Canada ..	\$ 36,000
Vietnamese Canadian Federation	\$ 15,000
Ethno-Cultural Association of N.F.D. & Labrador ..	\$ 3,000
N.F.D. & Labrador Assoc. for Multicultural Education ..	\$ 4,000
Multicultural Association of Nova Scotia	\$ 46,280
Multicultural Education Council of Nova Scotia	\$ 1,000
Multicultural Association of Fredericton Inc.	\$ 29,600
Multicultural Association of Saint John	\$ 25,700
Multicultural Association of the Greater Moncton Area \$	29,600
New Brunswick Multicultural Council Inc.	\$ 40,000
Prince Edward Island Multicultural Council	\$ 47,000
Centre Interculturel Monchanin	\$ 9,000
Centre Interculturel Monchanin	\$ 16,000
Centre Interculturel Monchanin	\$ 42,000
Brantford Ethniculturefest	\$ 6,250
Cambridge Multicultural Centre	\$ 8,400
Cross Cultural Communication Centre	\$ 32,000
Cross Cultural Communication Centre	\$ 85,500
Cultural Heritage Association of Norfolk	\$ 8,000

The grants listed are a small sample of the total grants handed out in the 80s. These grants were made available under the Heritage Enhancement Program, the Heritage Language Education Program and the Institutional Change Program.

Guelph and District Multicultural Centre Inc.	\$ 8,316
Hamilton and District Multicultural Council Inc.	\$ 16,000
Hamilton-Burlington Chinese Business Association ..	\$ 9,400
London Multicultural Youth Association	\$ 10,000
Macauliffe Institute of Sikh Studies	\$ 8,000
Multicultural Women's Association	\$ 5,000
Ontario Filipino-Canadian Youth Council	\$ 1,400
Ontario Society of Pakistani Canadian Professional and Academics	\$ 4,316
Sarnia-Lambton Folk Arts Multicultural Council	\$ 9,500
Sudbury Multicultural/Folk Arts Association	\$ 35,000
Chinese Benevolent Association of Manitoba	\$ 6,000
Manitoba Ethnocultural Youth Committee	\$ 6,000
Manitoba Multicultural Resources Centre Inc.	\$ 8,000
Manitoba Multicultural Resources Centre Inc.	\$ 3,000
Philippine Association of Manitoba Inc.	\$ 12,000
West-man Multicultural Council Inc.	\$ 23,000
Battlefords District Multicultural Council Inc.	\$ 3,500
Melville Multicultural Council Inc.	\$ 1,800
Multicultural Council of Saskatchewan Inc.	\$ 76,000
Prince Albert Multicultural Council	\$ 20,000
Saskatchewan Association for Multicultural Education \$	10,000
Saskatchewan Association for Multicultural Education \$	7,100
Saskatoon Multicultural Council Inc.	\$ 43,000
Swift Current Multicultural Council	\$ 13,000
Alberta Association for Multicultural Education	\$ 12,500
Calgary Multicultural Centre	\$ 25,000
Edith Rogers Multicultural Council	\$ 3,500
Edith Rogers Multicultural Council	\$ 9,000
Edmonton Multicultural Society	\$ 20,000
Grande Prairie and District Multicultural Association ..	\$ 7,000
Multicultural Association of Fort McMurray	\$ 20,000
Multicultural Association of the Northwest Territories \$	24,000
Multicultural Education Advisory Committee	\$ 11,000
Multicultural Education Council - Calgary Region ...	\$ 1,800
Multicultural Home-school Workers Committee	\$ 20,000
Multicultural School Focus Committee	\$ 4,000
Aff. of Multicultural Soc. & Service Agencies of B.C. .	\$ 18,000
Aff. of Multicultural Soc. & Service Agencies of B.C. .	\$ 11,000
British Columbia Multicultural Education Society ..	\$ 6,000
Kamloops Multicultural Society	\$ 4,500
Sikh Education Society - Vancouver	\$ 2,700
Ukrainian Canadian Committee - Alberta Prov.Coun. .	\$ 25,000
Ukrainian Canadian Committee - Alberta Prov.Coun. .	\$ 35,000
Carabram: Brampton's Multicultural Festival	\$ 22,200
Jamaican Canadian Association	\$ 14,800
Ukrainian Canadian Committee (National)	\$ 500,000
Ukrainian Canadian Committee (National)	\$ 150,000
Canadian Centre for Italian Culture and Education ..	\$ 20,000
Chinese Lingual-Cultural Centre of Canada	\$ 4,000
Croatian Folklore Federation of Canada	\$ 10,000
Croatian Schools of Canada Inc.	\$ 6,000
Multicultural History Society of Ontario	\$ 7,500
Multicultural History Society of Ontario	\$ 13,100

Multicultural History Society of Ontario	\$ 1,950	Padam Bhartiya Cultural Club	\$ 2,700
National Multicultural Theatre Association	\$ 93,530	Philippine Association of Manitoba Inc.	\$ 16,000
Serbian Heritage Academy of Canada	\$ 3,000	Portuguese Association of Manitoba Inc.	\$ 8,000
Ukrainian Cultural and Educational Centre	\$ 2,000	Selkirk Highland Gathering Inc.	\$ 4,000
1988 Ukrainian Festival Committee	\$ 33,400	Singh Sabha Winnipeg Inc.	\$ 2,000
Council of Muslim Communities of Canada	\$ 1,000	Trinidad and Tobago Society Inc.	\$ 4,500
Icelandic National League	\$ 8,000	Ukrainian Canadian Committee (National)	\$ 40,000
Latvian National Youth Association in Canada	\$ 662	Ukrainian Canadian Committee (National)	\$ 6,000
Lithuanian Canadian Community	\$ 5,000	Westman Italian Canadian Cultural Committee	\$ 600
Zoroastrian Society of Ontario	\$ 4,000	Winnipeg Chilean Association	\$ 3,000
Chinese Association of Newfoundland and Labrador ..	\$ 5,000	Winnipeg Chinese Cultural and Community Centre ..	\$ 6,000
Ethno-Cultural Association of NFD and Labrador ..	\$ 5,000	Winnipeg Jewish Community Council	\$ 25,000
Filipino Association of NFD (Gander Chapter)	\$ 2,250	Gujarati Samaj of Saskatchewan Inc.	\$ 1,300
Filipino Association of NFD - St. John's Chapter	\$ 2,500	Indo-Canada Cultural Associations Inc.	\$ 1,000
Friends of India Association	\$ 5,000	Philippine Association of Saskatchewan	\$ 3,000
Irish Newfoundland Association	\$ 4,450	Regina Chinese Canadian Association Inc.	\$ 5,000
Cape Breton Italian Cultural Association	\$ 550	Salvador Allende Cultural Centre Inc.	\$ 1,600
Halifax-Dartmouth Multicultural Council	\$ 9,270	Saskatchewan German Council Inc.	\$ 12,000
Indo-Canadian Association of Nova Scotia	\$ 700	Saskatoon Assoc. for the Promotion of Irish Culture ..	\$ 1,000
Iona District Gaelic Playgroup	\$ 5,442	Saskatoon Multicultural Council Inc.	\$ 2,000
Italian Canadian Cultural Association	\$ 2,958	Ukrainian Can. Committee - Sask. Prov. Council ...	\$ 35,000
Benevolent Irish Society	\$ 3,000	Weyburn and District Multicultural Council Corp.	\$ 1,000
Near East Cultural & Educational Found. of Canada ..	\$ 6,200	Calgary Lao Association	\$ 1,100
Iona Foundation of Canada	\$ 3,000	Calgary Multicultural Centre	\$ 15,000
Pakistan Canada Association of PEI	\$ 1,000	Calgary Vietnamese Canadian Association	\$ 13,000
PEI Cross Cultural Information Committee	\$ 3,950	Council of India Societies of Edmonton	\$ 18,414
Scottish Fiddlers and Ceilidh Dancers Association Inc.	\$ 1,000	Edmonton Korean Association	\$ 20,000
Kala Bharati Foundation	\$ 7,000	Edmonton Viets Association	\$ 6,000
Jamaica Association of Montreal Inc.	\$ 3,000	German Canadian Association of Alberta	\$ 7,000
Jewish Education Council of Montreal	\$ 5,550	Hungarian Cultural Society	\$ 9,000
Tibetan Cultural Association	\$ 4,000	India Canada Association of Calgary	\$ 22,000
United Irish Societies of Montreal Inc.	\$ 6,000	Kerala Cultural Assoc. of Alberta Malayam Lang. Sch.	\$ 3,000
Village Africain Inc.	\$ 5,000	Khmer Association of Calgary	\$ 3,000
"Horng Yorn: Cambodian Folk Arts and Dances	\$ 1,000	Kolo of Serbian Sister's Mala Gospoina	\$ 1,000
Andhra Cultural Association	\$ 800	Philippine Cultural Society	\$ 7,000
Canadian Centre for Italian Culture and Education ..	\$ 17,200	Portuguese Community Council	\$ 1,700
Canadian Chilean Cultural Institute	\$ 6,000	Provincial Japanese Steering Committee	\$ 2,000
Can. Found. for Caribbean Dev. & Cooperation Inc.	\$ 2,000	Sikh Heritage Association of Alberta	\$ 5,000
Chinese Lingual-Cultural Centre of Canada	\$ 15,000	Southern Alberta Ethnic Association	\$ 3,000
Dryden Multicultural Association	\$ 2,750	Association of Canadians of Russian Descent	\$ 13,000
Eritrean Community in London (Ontario)	\$ 2,330	Canadian Jewish Congress - Pacific Region	\$ 6,000
Finnish Forever Young Planning Committee	\$ 2,500	Filipino - Can. Cultural & Community Services Soc.	\$ 8,000
Greek Community of Metropolitan Toronto Inc.	\$ 5,000	German - Canadian Congress of British Columbia ..	\$ 13,000
Hellenic Community of Ottawa	\$ 2,500	Italian Cultural Centre Society	\$ 1,200
Italian Cultural Committee	\$ 2,200	Edmonton Chinatown Multicultural Centre	\$ 7,000
Jewish Community Centre of Ottawa	\$ 3,900	Affiliation of Multicult. Soc. & Service Agenc. of BC ..	\$ 15,000
Kitchener Waterloo Regional Folk Arts Multicult. Cen.	\$ 29,000	All Saints Parish Ukrainian School	\$ 1,577
Multicultural Association of Kenora and District	\$ 5,000	Battleford's and District German Heritage Assoc. Inc.	\$ 1,777
Multicultural Association of Northwestern Ontario	\$ 12,000	Cambodian Association of Regina Inc.	\$ 1,045
Multicultural Council of Windsor and Essex County ..	\$ 20,800	Chinese Language School of Regina Inc.	\$ 3,268
Oakville Multicultural Council Inc.	\$ 11,000	Congregation Agudas Israel	\$ 1,810
Pakistan Canada Heritage Language Program	\$ 1,596	Windsor Dutch School	\$ 1,112
Rainy Lake Multicultural Association	\$ 6,500	Arabic Cultural School Society	\$ 9,329
Polish Youth Club	\$ 2,340	Assoc. of Metro Edmonton Japanese Com. School ..	\$ 2,242
Spanish Cultural Centre of Ottawa	\$ 3,800	Bengali Language School of Calgary	\$ 933
Thunder Bay Multicultural Association	\$ 25,000	Calgary Chinese Public School Society	\$ 19,513
Timmins Multicultural Council	\$ 1,000	Calgary Czech Language Society	\$ 1,311
African Association of Manitoba Inc.	\$ 4,000	Sri Lanka Canada Friendship Assoc. of Edmonton ..	\$ 836
Afro-Caribbean Association of Manitoba	\$ 2,000	Norwegian Canadian Club	\$ 988
Brandon Ukrainian Cultural Centre	\$ 1,200	Trollhaugen Language Arts and Culture Society ..	\$ 2,413
Canadian Czechoslovak Benevolent Association	\$ 4,000	Urdu Institute of Canada	\$ 1,178
Chinese (Mandarin) Program Advisory Committee ..	\$ 1,500	Vanlang Vietnamese Heritage Language Society ..	\$ 2,660
Chinese Ad-Hoc Com. on Organizational Dev.	\$ 2,000	Araz Armenian Saturday School	\$ 2,470
Friends of India Society	\$ 2,500	Comitato Attivita Scolastiche Italiane	\$ 18,145
German-Canadian Congress (Manitoba) Inc.	\$ 16,000	Escola Da Associacao Cultural Portuguesa	\$ 2,209
Hungarian Canadian Cultural Society of Manitoba ..	\$ 2,000	Union of Tigrians in Winnipeg Inc.	\$ 572
Italian Canadian League of Manitoba	\$ 14,500	Vidya Bhawan - Hindu Society of Manitoba	\$ 2,129
Korean Association of Manitoba	\$ 2,000	School of Celtic Studies Inc.	\$ 1,271
Manitoba Japanese Canadian Citizens Assoc. Inc.	\$ 3,000	Lao Association of Manitoba	\$ 2,398
Kerala School of Language and Culture	\$ 1,403	Icelandic National League	\$ 780

Putting the Public Interest Back into Public Policy - by Dr. Chris Gerrard

To all Canadian history students, the term "responsible government" has a very specific meaning, namely, the Executive Branch of government (the Prime Minister or Premier and Cabinet Ministers), collectively dependent on a majority of the votes in the Legislature for its mandate to govern. The struggle to achieve responsible government in the 1830s and 1840s, led by William Lyon Mackenzie and Louis-Joseph Papineau in Upper and Lower Canada, respectively, is one of the truly exciting stories in Canadian history.

Unfortunately, much of what Mackenzie and Papineau struggled for has now been lost. In the Canadian Parliament and in the provincial legislatures, we have responsible government on paper, but no longer in practice.

In the 20th century, with the rise of the Executive Branch of government and of party discipline, Parliament and the provincial legislatures have largely become the rubber stamp of policies which are determined by a few elites long before

they ever reach the government caucus, let alone the House of Commons or the floor of the Legislature.

MPs and MLAs possess only the illusion, not the reality of power. On broad policy issues, they are no longer the effective representatives of their constituents to the government, but rather the representative of the government to their constituents. Mackenzie and Papineau must be rolling over in their graves.

Some of the rise of the Executive Branch was probably inevitable. Various social problems associated with the growth of industries and cities were so broad in scope that only the Executive Branch could effectively deal with them.

But much of it was not. Today, the Executive Branch is out of control. It has become so large that it has taken on a life of its own. It is divorced from the Legislature, acts apart from the Legislature, and increasingly views the Legislature with contempt.

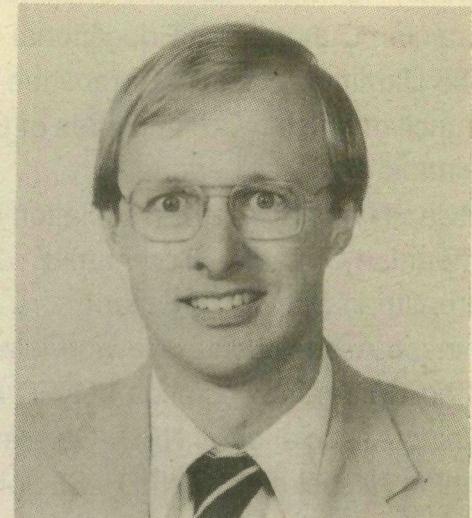
The losers in this process are not only the MPs, the MLAs, and their

constituents, but also the political parties themselves. They have become less and less relevant, as more and more decisions are made by the various departments, agencies, boards and commissions that have been established by the Executive Branch of government.

The other losers are the tax-paying citizens, who are footing the bill for the various government programs. Under present conditions, effective Legislative control over government spending is a mirage, because any MP or MLA who advocates fiscal responsibility, risks being labelled as morally insensitive.

Does anyone doubt -- outside the governing elites inside the Executive Branch -- that Canadian governments are no longer responsible to the people, and therefore out of touch with the people? Does anyone doubt that the system is no longer working the way that Mackenzie, Papineau, and the other 19th century reformers expected it to work?

The Canadian Taxpayers Federation supports citizen-initiated



referendums as one of a number of reforms to restore responsible government to Canada. Referendums are not the total answer, but they are an effective way of alerting politicians to key issues like government spending.

Sentimentalists may say that referendums are unCanadian. On the other hand, is not irresponsible government unCanadian? Elitists may say that the electorate is not mature or informed enough to exercise even the limited power inherent in referendums. On the contrary, is not the electorate more responsible and intelligent than the elite give them credit for?

The Canadian Taxpayers Federation calls on the Federal Government to:

HOLD THE LINE ON FURTHER TAX INCREASES

Dr. Chris Gerrard, the Federation's Chief Economist, and Dr. Hartley Furtan, Member of the CTF Advisory Board, made a presentation to the House of Commons Standing Committee on Finance on September 18 with respect to the federal *Spending Control Act*.

When Finance Minister Don Mazankowski released a draft version of the Act last July, he asked the Finance Committee to hold hearings on the legislation before presenting it to the House of Commons.

The *Spending Control Act* attempts to limit the rate of growth of federal program spending (excluding interest on the national debt) to 3 percent a year for the next five years. With these spending limits in place, the Finance Minister has forecast a decline in the federal deficit from \$30.5 billion in 1991-92 to \$6.5 billion in 1995-96, without any increase in tax rates.

In its presentation, the Federation supported the principle of the *Spending Control Act*, but did not think the proposed legislation went far enough. "Because of the negative impact that the debt is having on our economy, we believe that the federal government should attempt to balance its budget even more quickly than this," Gerrard said.

In addition to limiting the rate of growth of spending, the Federation recommended that the Act contain a "taxpayer protection clause" that restricts the rate of growth of Federal taxation to the growth of the Canadian economy as a whole.

Such a clause would effectively limit

the level of federal taxation to its present share of the Canadian economy -- about 16 percent of the Canadian GDP. It would be similar to British Columbia's limit on the rate of growth of spending contained in its *Taxpayer Protection Act*.

Members of all three parties on the House of Commons Finance Committee (Conservatives, Liberals and NDP) gave the Federation's proposal a less than enthusiastic reception. All three parties demonstrated themselves as big spenders, unconcerned about the present level of taxation on ordinary Canadians.

Some members suggested that the "taxpayers protection clause" would unduly restrict the flexibility of the federal government to raise taxes in order to balance its budget. The Federation responded that high taxation was significantly reducing the flexibility of ordinary Canadians to earn more income in order to balance their own budgets.

Gerrard and Furtan left the meeting convinced more than ever of the need for the citizens of Canada to wake up our federal politicians with respect to the ruinous level of taxation now endured by ordinary Canadians.



Dr. Hartley Furtan (left) and Dr. Chris Gerrard (right) received a less than enthusiastic reception from the three political parties (PCs, NDP and Lib) when they called on the House of Commons Finance Committee to ensure Canadians would not suffer further punitive tax increases.